

**TESTIMONY OF AMY KATZ
IN OPPOSITION TO
Section 11 of HB 5052- AN ACT IMPLEMENTING THE GOVERNOR'S BUDGET
RECOMMENDATIONS FOR HUMAN SERVICES PROGRAMS.**

Human Services Committee Public Hearing, February 20, 2014

Senator Slossberg, Representative Abercrombie and members of the Human Services Committee, my name is Amy Katz. I am a member of the CT Association of Residential Care Home and Owner of Tidewlawn Manor in Westbrook. I would like to submit testimony **in opposition to Section 11 of House Bill 5052- An Act Implementing the Governor's Budget Recommendations for Human Services Programs.**

Section 11 of House Bill 5052 would eliminate most of Ct General Statutes § 17b-340(h)(1) which is the residential care home rate statute. This statute includes critical language for residential care homes.

The proposed bill would **remove the following language:**

1. The \$3.10 minimum fair rent granted beginning with the fiscal year ending 6/30/97.
2. The lower (85%) utilization threshold for homes with fewer than 25 beds granted beginning with the fiscal year ending 6/30/97.
3. The additional salary allowance specifically added for RCH administrators for the fiscal year ending 6/30/02.
4. The additional salary allowance specifically added for related parties employed by an RCH granted for the fiscal year ending 6/30/99.
5. The additional eight hours of weekly overtime allowed for related parties employed by an RCH granted for the fiscal year ending 6/30/01.

These items were added to the statute between 1996 and 2001 in response to operational difficulties the industry was facing and with the support of the Department of Social Services. The Governor's proposal to remove these long standing protections will force immediate pay cuts for all RCH administrators. Additionally, many facilities may be forced to cut additional operating expenses to make ends meet.

The reimbursement for RCH administrators is currently limited to \$52,146 for a 20 bed facility. An owner of the same facility is limited to \$38,439. This is minimal compensation for the duties that are required to properly run and manage a facility. This bill will substantially reduce these rates of payment.

In addition to removing the enhancements listed above, the Governor's proposal virtually eliminates the cost based component from rate setting, allows rates to decrease with no floor and offers only the faint possibility of a minimal inflationary increase.

Removing minimum fair rent and lowering salaries for administrators and related parties, coupled with the open ended potential for rate decreases will place an untenable burden on an already underpaid industry. Many owners are already forced to spend money using a credit card or taking out loans for operating costs.

Costs beyond the ability of an owner to control such as property taxes, insurances, food and utility costs continue to rise. In order to survive, controllable costs such as staffing, health insurance and routine property maintenance will be cut. These cuts will have a direct negative impact on resident care.

The CT Association of Residential Care Homes includes over sixty of the states approximately one hundred homes. About sixty percent of our residents have behavioral health or mental health diagnoses and the remaining percentage are elderly. Without our services on the shoreline our residents would have nowhere to go and would ultimately end up in the hospital and nursing homes. As you are aware the rates paid to RCHs are substantially less than the cost of a nursing home. Our facilities provide a setting that is more home based, not institutional and represent perhaps the most cost effective form of long-term care in the state.

Rates for RCH's were frozen from July 1, 2008 through June 30, 2012. We received only a small increase last year and as an industry we are struggling to stay afloat. This environment has not encouraged continued investment in our facilities and the Governor's proposal darkens the future even further. Many of these facilities are aging and in need of costly maintenance and equipment/furniture replacement costs. This proposal discourages investment and encourages, if not forces the cutting of costs, placing the future of this industry and its fragile residents in peril.

Last year, there was a small increase in rates to some residential care homes. Because it was only a partial increase only some homes received the increase. These included many homes that had previously spent significant amounts of money on repairs and other expenses. This small increase enabled reimbursement for only some of these costs. The Governor's budget bill could lead to a decrease in funding for these homes and others who have not been able to make such investments.

We ask that you please uncap residential care home rates and not move forward with the proposed language in Section 11 of House Bill 5052. Many homes are already at a breaking point. Increased costs in gas, insurance and food expenses accompanied by capped rates have made operating homes very difficult. Without these homes serving this vulnerable population, the state would be spending significantly more dollars providing care for these individuals. Residential care homes are critical to many of these people who often live in the home for 20 years or more.

I thank you for the opportunity to be heard today. I would be happy to answer any questions.